



## CENTRAL INTELLIGENCE GROUP

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Carlshorst, although the instruction received from Moscow to exact 100% deliveries still stands. Professor Woermann has also suggested to the Russians that they be prepared to allow individual producers to substitute 4 cwt. of potatoes for 1 cwt. of bread grain or 2 cwt. of vegetables for 1 cwt. of potatoes in cases where such arrangements would ease the position for the farmers concerned. This particular proposal is backed by the SED. Woermann has, however, been given to understand that, in the event of his proposal being accepted, sugar may in no case be used as an alternative commodity, as deliveries to the USSR of sugar must reach the same proportion as last season.

5. On 3 October 1946 Professor Woermann was visited unexpectedly by Pieck, a leading member of the SED. Pieck informed Woermann that the SED had been given permission by the SMC to include in their propaganda the statement that the Russians were agreeable to a revision of the eastern frontier of Germany. Pieck claimed this as proof of the fact that the Russians desired Germany to become a single economic unit, since the extension of the eastern zone was unnecessary to the Zone in itself but essential to Germany as a whole.

6. In the course of his talk with Professor Woermann, Pieck instructed the former to submit to him by 8 October 1946 an agricultural plan for a unified Germany. The details of this plan seemed immaterial to Pieck; the main object is the fact that such a plan for a unified Germany should be drawn up at all. Woermann is basing the plan on arable acreage, calculating that a given area is available in Germany for certain types of produce for distribution among the over-all population of all zones. Pieck has agreed to this, but he has stressed the point that sugar must not figure in the plan at all.

7. On being asked why the Russians were now favoring the idea of a unified Germany, Pieck answered that, as they had almost squeezed the eastern Zone dry, they realized that they could obtain more in the way of reparations deliveries from an economically sound Germany than out of a mutilated part of the country. Pieck thought the Russians would be more willing to allow the export of foodstuffs from their zone to western zones against dollar payments than against individual products, since the western zones would, in due course, be able to earn the necessary dollars by exporting industrial products overseas. The Russians believed that the industries of the Ruhr and Rhineland could obtain higher prices by exporting to other countries than by sales to the poorer eastern provinces of Germany and that they would, therefore, be able to pay relatively higher prices for foodstuffs obtained from the eastern Zone.

8. Of the land in the Russian Zone only 30% has really been subjected to Land Reform; about 70% still is in the hands of the original owners. Comparatively greater areas have been affected by Land Reform in Pomerania and Mecklenburg than in Thuringia and Land Saxony.

9. Professor Woermann, Professor Dietze of Freiburg, Professor Brinkmann of Bonn, and two other professors are to present a memorandum to the Allied Control Council, drawing attention to the impossibility of Germany surviving as an economic entity if the eastern frontier is not revised. Neither the Russians nor the SED is aware of the fact that this memorandum is in course of preparation, but the professors wish to take advantage of revision of the eastern frontier in order to present their memorandum. They believe, however, that the Russian agreement to inclusion of this subject merely forms part of their pre-election tactics.

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